

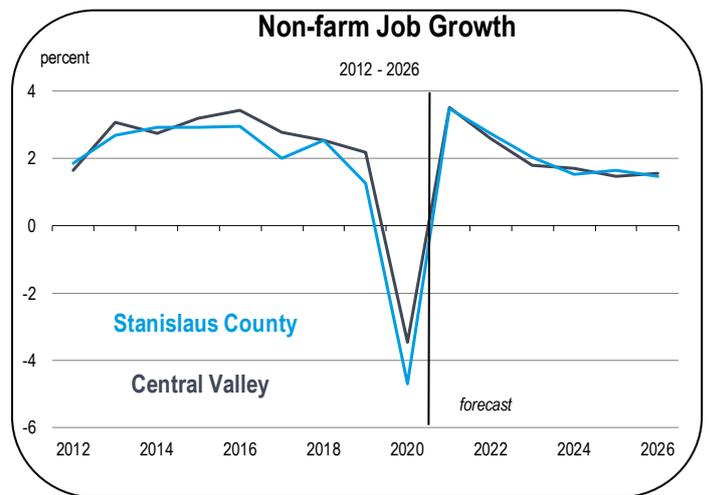
Stanislaus County Economic Forecast

Forecast Summary

- The county lost 22,000 jobs between February and April of 2020. By early 2021, more than half of those jobs had been reinstated.
- A number of labor market sectors had fully recovered by early 2021, including manufacturing, transportation and warehousing, professional and business services, state and federal government, and farming.
- Struggling sectors include retail, leisure and hospitality, and K-12 public schools.
- Job creation cold surge in 2020 at the following points:
 - (1) In June when most business restrictions are eased by the Governor’s office
 - (2) In the fall when K-12 schools resume full-time and in-person. Consequently, a spike in job creation is forecast, and the county will recover all pandemic-lost jobs by mid-2022.
- The largest emerging issue for the Central Valley economies is their geographical advantage for distribution centers. Due to this advantage, large warehousing firms are forecast to expand rapidly in the region.

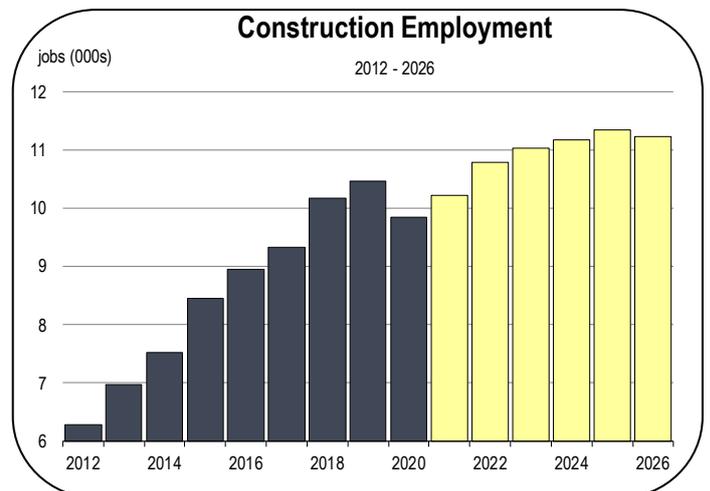
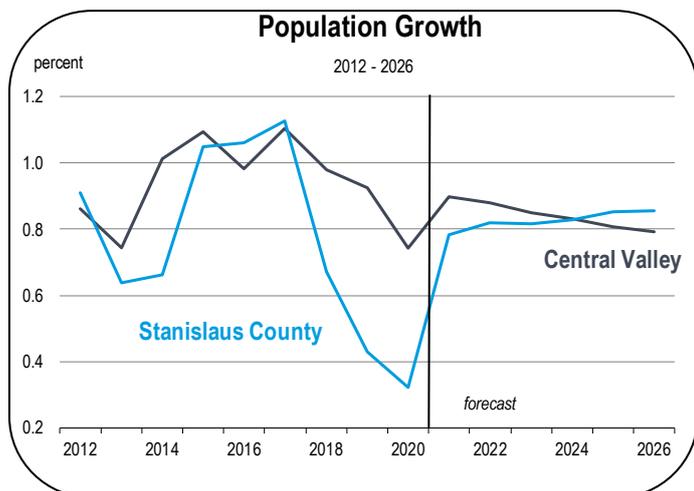
Job Growth

- Total employment in Stanislaus County will rebound by 3.1 percent in 2021 on an annual average basis. Between 2022 and 2026, job growth will average 1.8 percent.

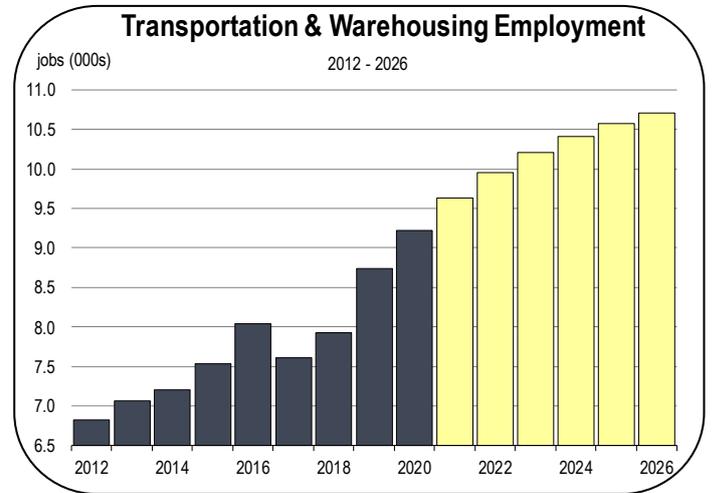
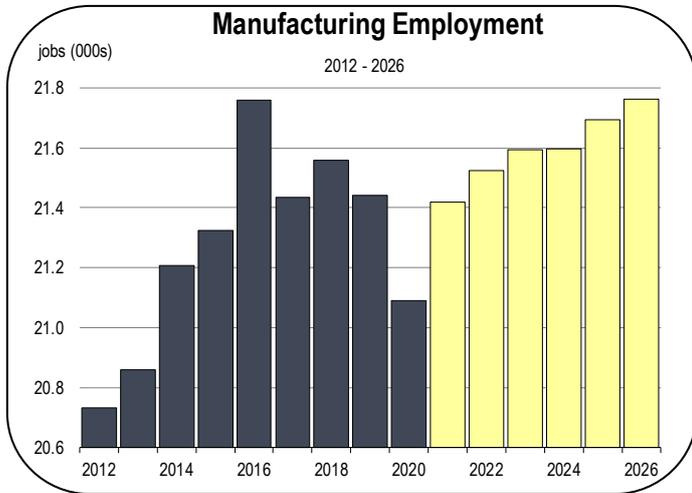


Construction Employment

- The construction workforce in the county almost doubled in size since 2012. The pandemic momentarily interrupted this growth trend but as of early 2021 almost all construction jobs had been restored.
- Over the next 5 years, thousands of new units and several major logistics projects will be started and completed in Modesto and the unincorporated areas of Stanislaus County.
- Employment within the construction trades is forecast to expand through 2025 or beyond.



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Manufacturing Employment

- Approximately two thirds of all manufacturing jobs in the county are in firms that turn agricultural commodities into finished food and beverage products.
- Employment in food and beverage processing will remain an important engine of growth for the county over time.
- The largest employers in food manufacturing and wholesaling include Bartles & James, Bronco Wine company, Frito-Lay, Foster Farms, Sysco Central California, Del Monte Foods, and E&J Gallo Winery, the largest winery in the world today.
- Gallo announced in January a merger with Constellation Brands to acquire more wineries and wine making capacity in California. Gallo will hire another 350 workers at its Modesto operation.

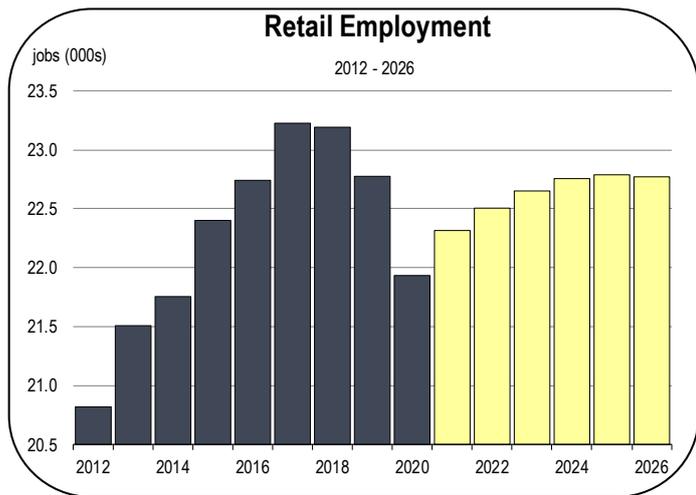
Transportation and Warehousing Employment

- Most transportation jobs in Stanislaus County are in trucking and warehousing, where firms deliver goods to and from businesses and store these goods in logistics facilities.
- The largest company in warehousing and distribution is Amazon, with an estimated 2,500 workers.
- Amazon operates a fulfillment center in Patterson and a distribution center in Tracy. Because the company was deemed “essential” during the economic shutdowns, and because online purchasing transitioned to the most pervasive form of goods acquisition for many households, the warehousing-distribution-trucking sector flourished during the pandemic
- Delivery firms like UPS and FedEx also hired large numbers of workers during 2020 in response to a surge in online shopping and direct-to-consumer shipping.



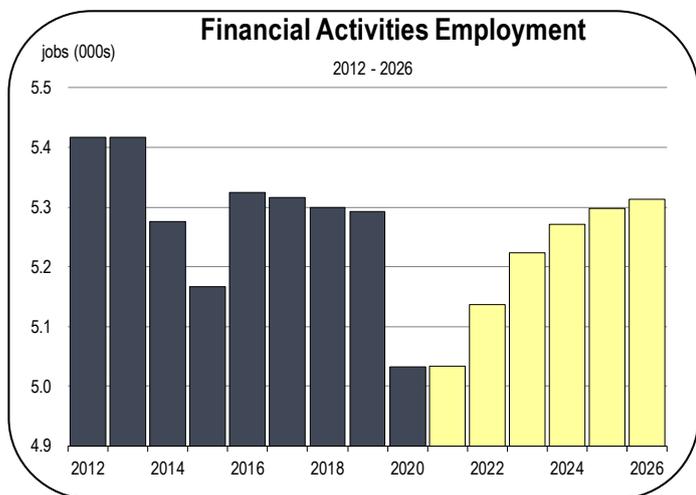
Products of E&J Gallo

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Retail Trade Employment

- Retail jobs that were lost with the economic shutdowns during 2020 are partially recovered in 2021, but the substitution by consumers to purchase goods online over local retail stores is creating the disruption in the retail trade labor market.
- Employment at local brick-and-mortar stores is susceptible to slow growth over the forecast period and consolidation over the long term.

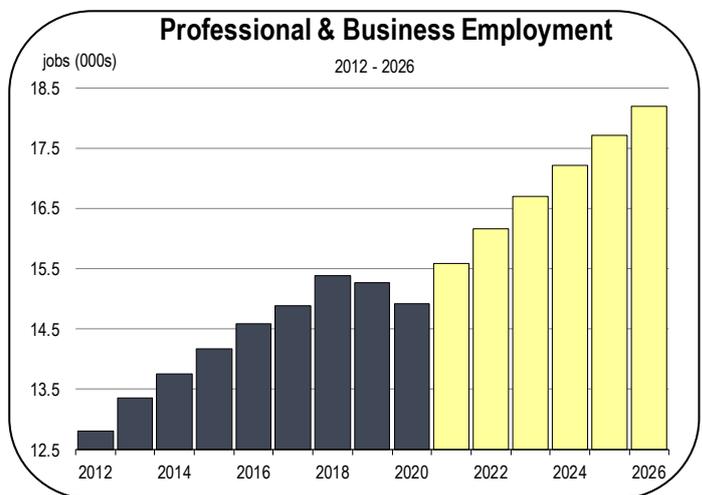


Financial Activities Employment

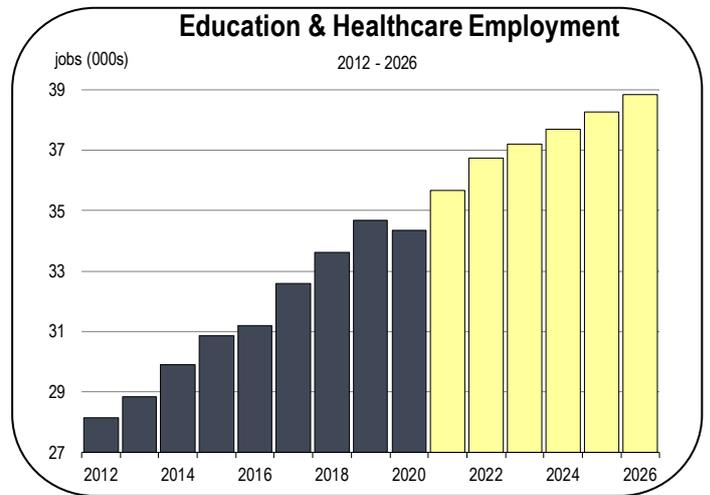
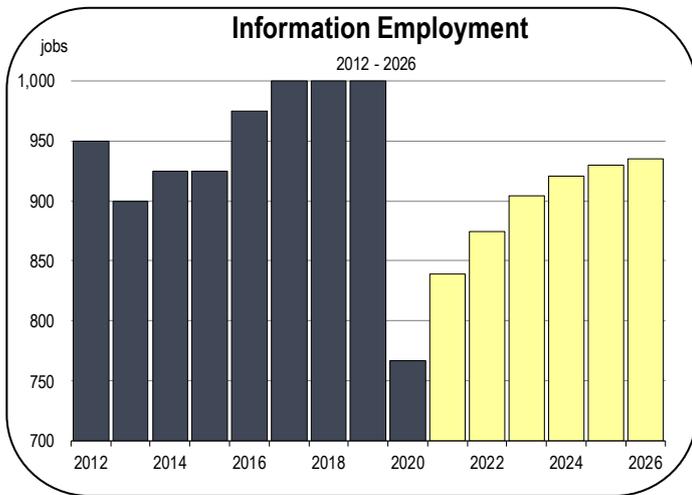
- The Stanislaus County financial activities industry is mostly comprised of real estate companies, banks, and insurance firms.
- The industry grows its workforce levels over the forecast. There will be a meaningful expansion of the real estate and banking industries to accommodate a rapidly growing population.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest losses were staffing agencies, which typically employ temp workers.
- Temp workers are usually the first to be laid off during a recession and the first hired back during the recovery.
- The professional and business services sector is destined to create a major share of future jobs in Stanislaus County over the next several years.
- Professional services represent many of the technology services companies that provide design and consulting services to high tech product manufacturers both domestically and internationally.



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Information Employment

- In Stanislaus County, the information sector is largely comprised of movie theaters and telecommunications firms. There are also a small number of jobs in software development & TV/radio stations.
- The recent decline in job opportunities is the consequence of changing technologies that have resulted in downsizing the domestic telecommunications industry, cable and subscription programming, movie theaters, and newspapers.
- This is no less true for the Stanislaus information market. Employment growth will remain in some radio, TV, and video production, with small numbers of jobs also created in software publishing and data/Internet services.

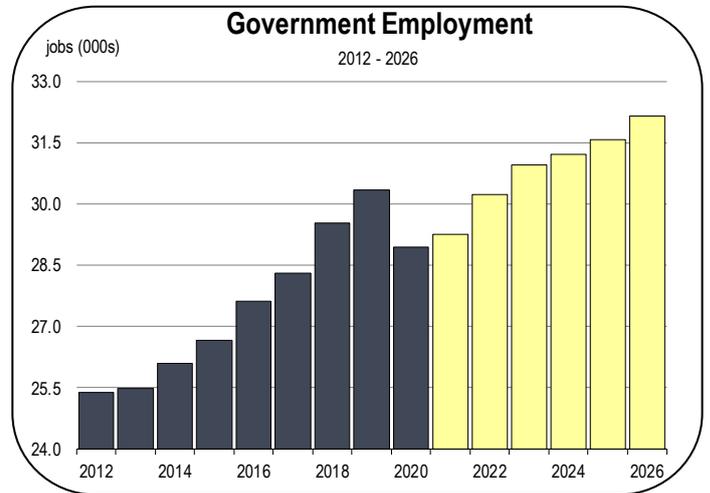
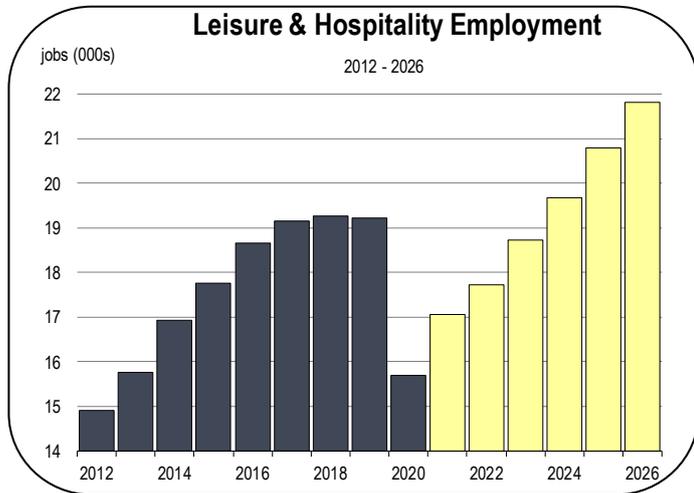
Private Education and Healthcare Employment

- Healthcare was barely impacted in 2020, and employment levels will be entirely restored this year.
- The largest healthcare providers in the County include:
 - Emanuel Medical Center
 - Memorial Medical Center
 - Oak Valley Hospital District
 - Stanislaus County Health Services Agency
- Because population growth is forecast to remain positive over the indefinite future, largely due to the natural increase but also as a result of net in-migration, healthcare services will remain in steady demand. The sector will create an estimated 8,500 jobs between 2020 and 2026.



Emanuel Medical Center

Stanislaus County Economic Forecast



Leisure and Hospitality Employment

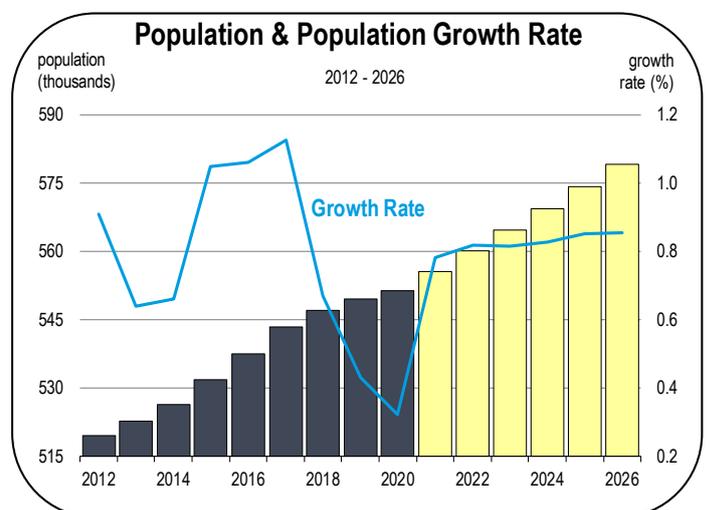
- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company, but compared to greater California, Stanislaus County employment declined less in this sector.
- On an annual average basis, 1,500 jobs were lost at restaurants and bars, more than 500 jobs were lost at hotels and motels and almost 1,000 jobs were lost at gyms, fitness centers, and recreation centers.
- Leisure and hospitality employment could rebound sharply in the second half of 2021 due to a surge in travel, dining, drinking, and recreation throughout Stanislaus County.
- Jobs are recovered this year and next, but complete recovery is not forecast until 2024.

Government Employment

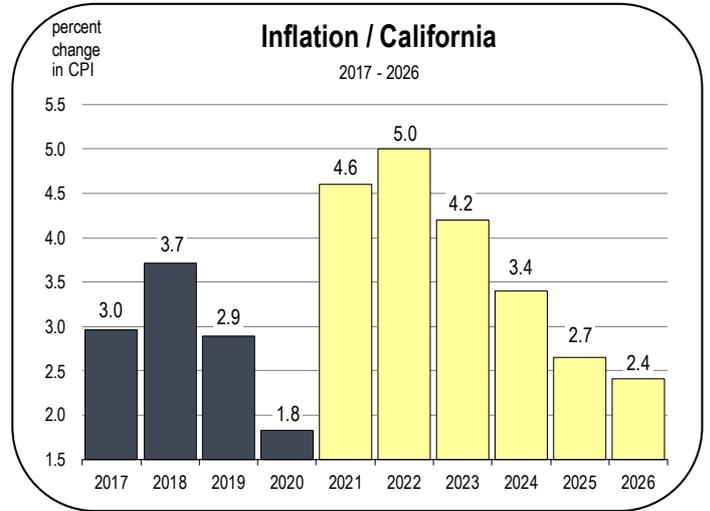
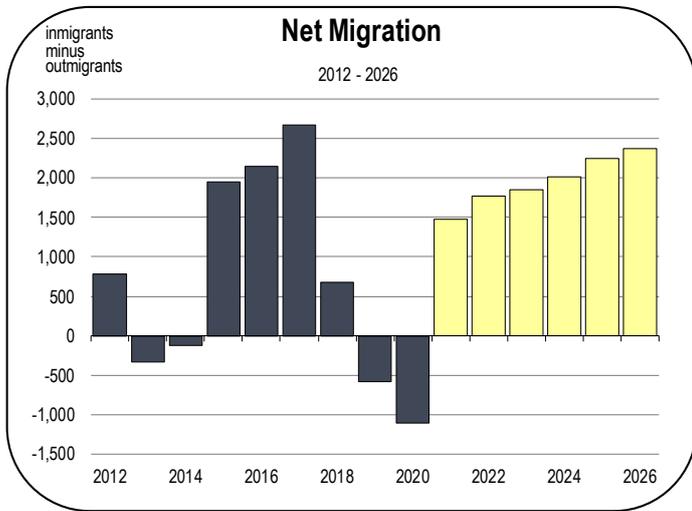
- State and local government agencies lost 1,400 jobs during 2020.
- Federal government agencies added a small number of jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years.
- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) with the commencement of in-person schools in the Fall of 2021 and with federal grants to cities and counties from the American Rescue Plan that will help to offset fiscal 2021 deficits.

Population Growth

- The Stanislaus County population is expected to expand more rapidly than the California average between 2021 and 2026.
- Net migration is expected to be a meaningful contributor to population growth as residents relocate from the Bay Area for the affordable housing options in Stanislaus County.
- The population will expand at an annual average rate of 0.8 percent per year from 2021 to 2026.
- By 2026 the Stanislaus County population will approach 580,000 residents.



Stanislaus County Economic Forecast



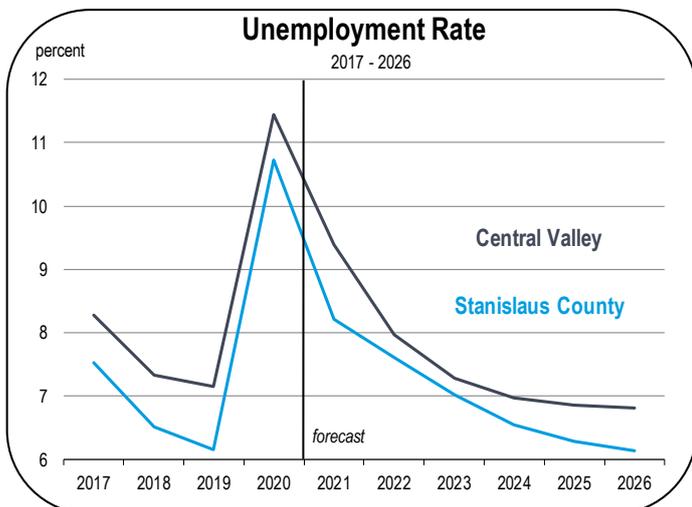
Unemployment and Inflation Rates

- The unemployment rate in Stanislaus County averaged 10.7 percent in 2020. An unemployment rate below 7.0 percent signifies a fully employed workforce in Stanislaus County.
- The unemployment rate is expected to average 8.2 percent in 2021 and 7.6 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies

- Fractures in the global supply chain that raise the cost of production for many businesses
- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

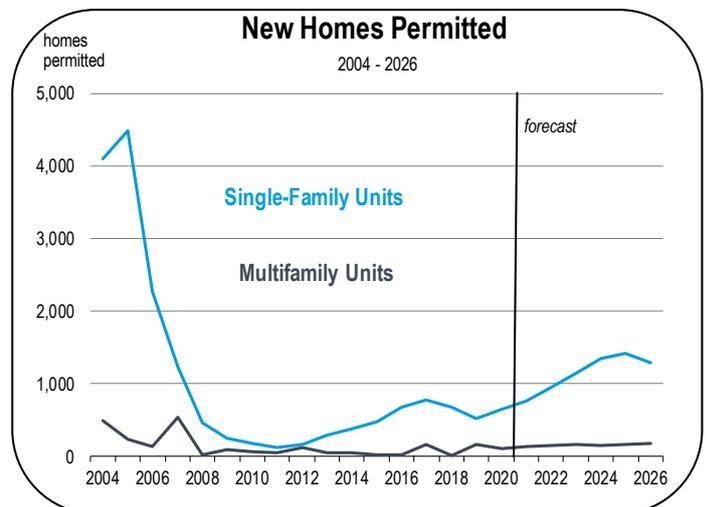
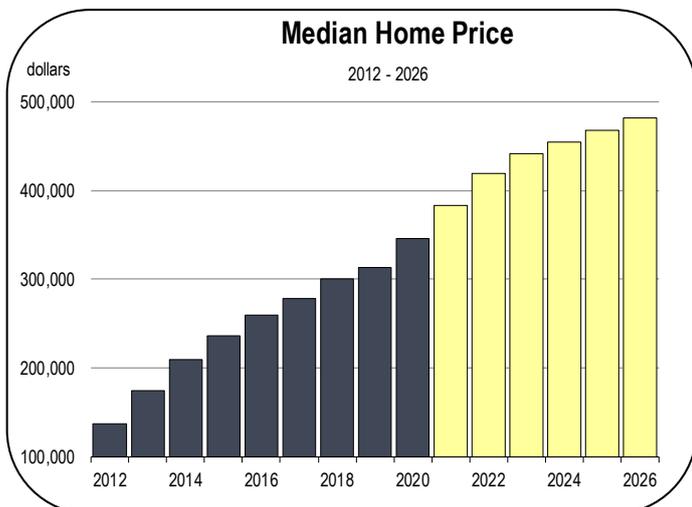
- In 2020 the median home price in Stanislaus County was \$345,800, an increase of 10 percent from the previous year.
- Homes in Stanislaus County are more affordable than homes across California, especially Coastal California.
- In Stanislaus County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.
- Along Coastal California the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.
- From 2015 to 2020, an average of 700 new homes were started per year in Stanislaus County. Approximately 80 percent were single-family homes.



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- Housing production is expected to average 1,300 units per year from 2021 to 2026.
- Stanislaus County is becoming a hub for logistics firms because of its affordable real estate, proximity to the port of Oakland, and access to major freeways.
- The largest mega-project in the County is the Crows Landing Industrial Business Park and Airfield. The project location is considered ideal because it will include an airport, has close proximity to Silicon Valley and a Regional Port, and features a complete transportation infrastructure with connections to the I-5 corridor and the San Francisco Bay area.
- The plan would ultimately produce 10.5 million square feet of industrial space located adjacent to Highway 33 and nearby Highway 99 and Interstate 5.
- It would also include an airport for both passenger and cargo use.
- The Specific Plan to support the Crows Landing project was approved in 2018, after zoning and the EIR were certified. \$30 million in infrastructure development is currently underway.
- The property will soon be ready to attract new businesses. It is estimated that Phase 1A of the project will create 14,000 jobs once it is complete.



Stanislaus County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	531,798	168.7	1,951	490	478	\$21.7	\$5.4	\$8.2	\$4.6	\$46,592	9.6	\$4.4	1.4
2016	537,440	170.1	2,148	686	496	\$22.4	\$5.7	\$8.7	\$4.6	\$46,694	8.6	\$3.6	2.3
2017	543,492	171.0	2,667	939	499	\$23.2	\$6.0	\$9.0	\$4.7	\$46,377	7.5	\$4.0	3.0
2018	547,139	172.4	673	680	508	\$23.9	\$6.2	\$9.3	\$4.9	\$45,786	6.5	\$3.7	3.7
2019	549,493	173.4	-585	680	526	\$25.2	\$6.4	\$9.7	\$4.8	\$46,668	6.2	\$3.7	2.9
2020	551,264	174.0	-1,109	751	532	\$26.6	\$6.7	\$10.0	\$5.2	\$48,176	10.7	\$3.7	1.8
2021	555,582	174.5	1,476	892	536	\$27.0	\$6.8	\$10.2	\$5.2	\$47,596	8.2	\$3.8	4.6
2022	560,126	175.8	1,769	1,097	546	\$28.3	\$6.9	\$10.4	\$5.2	\$48,285	7.6	\$3.8	5.0
2023	564,696	177.2	1,850	1,312	557	\$29.7	\$7.2	\$10.8	\$5.3	\$49,053	7.0	\$3.9	4.2
2024	569,377	178.7	2,013	1,492	564	\$31.0	\$7.4	\$11.1	\$5.4	\$49,670	6.6	\$3.8	3.4
2025	574,227	180.3	2,246	1,579	571	\$32.4	\$7.5	\$11.3	\$5.4	\$50,250	6.3	\$3.9	2.7
2026	579,139	182.0	2,371	1,477	578	\$33.7	\$7.6	\$11.5	\$5.5	\$50,701	6.1	\$3.9	2.4
2027	584,011	183.6	2,380	1,417	583	\$35.1	\$7.8	\$11.7	\$5.5	\$51,226	6.1	\$3.9	2.2
2028	588,701	185.1	2,239	1,394	587	\$36.5	\$7.9	\$11.9	\$5.6	\$51,677	6.0	\$4.0	2.3
2029	593,409	186.6	2,292	1,338	592	\$37.8	\$8.1	\$12.2	\$5.6	\$51,977	6.0	\$4.0	2.2
2030	597,958	188.1	2,161	1,197	595	\$39.2	\$8.4	\$12.6	\$5.6	\$52,283	6.0	\$4.0	2.2
2031	602,169	189.3	1,946	1,163	598	\$40.6	\$8.6	\$12.9	\$5.7	\$52,610	5.9	\$4.0	2.3
2032	606,190	190.6	1,870	1,108	600	\$41.9	\$8.8	\$13.2	\$5.7	\$52,841	6.0	\$4.1	2.2
2033	610,027	191.8	1,789	1,113	602	\$43.3	\$9.0	\$13.5	\$5.7	\$53,226	6.0	\$4.1	2.0
2034	613,750	192.9	1,786	1,117	605	\$44.8	\$9.2	\$13.8	\$5.8	\$53,560	5.9	\$4.1	2.1
2035	617,273	194.1	1,710	1,094	608	\$46.3	\$9.5	\$14.2	\$5.8	\$53,845	5.9	\$4.2	2.1
2036	620,632	195.2	1,659	1,078	610	\$47.9	\$9.8	\$14.7	\$5.8	\$54,993	5.8	\$4.2	2.2
2037	623,838	196.3	1,611	1,000	611	\$49.5	\$10.1	\$15.1	\$5.8	\$54,105	5.7	\$4.2	2.2
2038	626,785	197.3	1,473	949	612	\$51.2	\$10.3	\$15.5	\$5.8	\$54,276	5.6	\$4.3	2.2
2039	629,557	198.2	1,411	925	613	\$52.9	\$10.7	\$16.0	\$5.9	\$54,396	5.5	\$4.3	2.2
2040	632,147	199.2	1,377	924	614	\$54.6	\$10.9	\$16.4	\$5.9	\$54,545	5.4	\$4.4	2.1
2041	634,581	200.1	1,361	925	615	\$56.3	\$11.2	\$16.8	\$5.9	\$54,819	5.4	\$4.5	2.2
2042	636,893	201.0	1,341	881	616	\$58.0	\$11.5	\$17.2	\$5.9	\$55,118	5.3	\$4.5	2.1
2043	639,054	201.9	1,286	881	618	\$59.8	\$11.7	\$17.6	\$5.9	\$55,443	5.2	\$4.5	2.0
2044	641,529	202.8	1,682	847	620	\$61.5	\$12.0	\$18.0	\$6.0	\$55,795	5.1	\$4.6	2.2
2045	643,848	203.7	1,601	745	622	\$63.2	\$12.3	\$18.4	\$6.0	\$56,097	5.1	\$4.6	2.2
2046	645,991	204.4	1,478	706	625	\$65.0	\$12.5	\$18.8	\$6.0	\$56,361	5.0	\$4.6	2.2
2047	648,014	205.1	1,418	686	628	\$66.8	\$12.8	\$19.3	\$6.1	\$56,545	4.9	\$4.7	2.2
2048	649,947	205.8	1,381	685	630	\$68.7	\$13.2	\$19.8	\$6.1	\$56,686	4.8	\$4.7	2.3
2049	651,814	206.5	1,376	671	633	\$70.6	\$13.5	\$20.2	\$6.1	\$56,934	4.8	\$4.8	2.0
2050	653,573	207.2	1,356	664	636	\$72.6	\$13.8	\$20.7	\$6.1	\$57,152	4.7	\$4.8	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	181.0	14.6	8.5	21.3	7.5	28.2	5.2	14.2	0.9	30.9	17.8	26.7
2016	186.2	14.9	9.0	21.8	8.0	28.7	5.3	14.6	1.0	31.2	18.7	27.6
2017	189.1	14.3	9.3	21.4	7.6	29.4	5.3	14.9	1.0	32.6	19.2	28.3
2018	193.6	14.4	10.2	21.6	7.9	29.5	5.3	15.4	1.0	33.6	19.3	29.5
2019	196.2	14.9	10.5	21.4	8.7	29.0	5.3	15.3	1.0	34.7	19.2	30.3
2020	187.4	14.5	9.8	21.1	9.2	27.9	5.0	14.9	0.8	34.3	15.7	29.0
2021	193.3	14.4	10.2	21.4	9.6	28.4	5.0	15.6	0.8	35.7	17.1	29.3
2022	198.4	14.7	10.8	21.5	10.0	28.7	5.1	16.2	0.9	36.7	17.7	30.2
2023	202.3	14.8	11.0	21.6	10.2	28.8	5.2	16.7	0.9	37.2	18.7	31.0
2024	205.2	14.8	11.2	21.6	10.4	28.9	5.3	17.2	0.9	37.7	19.7	31.2
2025	208.3	14.8	11.3	21.7	10.6	28.9	5.3	17.7	0.9	38.3	20.8	31.6
2026	211.2	14.8	11.2	21.8	10.7	28.9	5.3	18.2	0.9	38.8	21.8	32.2
2027	214.2	14.8	11.2	21.8	10.8	28.8	5.3	18.7	0.9	39.4	23.2	32.7
2028	217.0	14.8	11.1	21.8	10.9	28.8	5.3	19.1	0.9	40.0	24.4	33.2
2029	219.7	14.8	11.0	21.9	11.0	28.7	5.3	19.6	0.9	40.5	25.5	33.6
2030	222.1	14.8	10.8	21.9	11.1	28.8	5.3	20.0	0.9	41.1	26.5	34.0
2031	224.3	14.8	10.9	21.9	11.1	28.8	5.3	20.4	0.9	41.6	27.1	34.4
2032	226.4	14.8	10.7	22.0	11.2	28.9	5.3	20.8	0.9	42.3	27.7	34.7
2033	228.4	14.8	10.7	22.0	11.2	28.9	5.3	21.2	0.9	42.9	28.2	35.0
2034	230.4	14.8	10.9	22.0	11.3	29.0	5.3	21.6	0.9	43.4	28.6	35.3
2035	232.1	14.8	10.9	22.0	11.3	29.1	5.3	21.9	0.9	43.9	29.0	35.5
2036	233.6	14.8	10.9	22.1	11.3	29.2	5.3	22.3	0.9	44.4	29.3	35.8
2037	235.1	14.8	10.8	22.1	11.4	29.2	5.3	22.6	0.9	44.9	29.5	36.0
2038	236.3	14.8	10.7	22.0	11.4	29.3	5.3	23.0	0.9	45.3	29.8	36.2
2039	237.6	14.8	10.6	22.0	11.4	29.4	5.3	23.3	0.9	45.8	30.0	36.3
2040	238.9	14.8	10.6	22.0	11.5	29.4	5.3	23.6	0.9	46.3	30.3	36.5
2041	240.1	14.8	10.6	22.0	11.5	29.4	5.3	23.9	0.9	46.7	30.5	36.6
2042	241.3	14.8	10.6	22.0	11.5	29.5	5.4	24.2	0.9	47.2	30.8	36.8
2043	242.5	14.8	10.6	22.0	11.5	29.5	5.4	24.5	0.9	47.6	31.0	36.9
2044	243.7	14.8	10.6	22.0	11.6	29.5	5.4	24.8	0.9	48.0	31.3	37.0
2045	244.7	14.8	10.6	22.0	11.6	29.5	5.4	25.1	0.9	48.4	31.5	37.1
2046	245.8	14.8	10.5	22.0	11.6	29.5	5.4	25.3	0.9	48.8	31.8	37.2
2047	246.7	14.8	10.5	22.0	11.6	29.5	5.4	25.6	0.9	49.1	32.0	37.2
2048	247.6	14.8	10.5	22.0	11.6	29.6	5.4	25.8	0.9	49.4	32.2	37.3
2049	248.5	14.9	10.5	22.0	11.7	29.6	5.4	26.1	1.0	49.7	32.4	37.4
2050	249.4	14.9	10.5	22.0	11.7	29.6	5.4	26.3	1.0	50.0	32.6	37.4

Stanislaus County Economic Forecast

Socioeconomic Indicators

